



Joint Legislative Audit Committee
Office of the Auditor General



FINANCIAL AUDIT REPORT
STATE DEPARTMENT OF MENTAL HEALTH
AGENCY FUNDS
YEAR ENDED JUNE 30, 1979

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT **F-517.1**

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

517.1

FINANCIAL AUDIT REPORT
STATE DEPARTMENT OF MENTAL HEALTH
AGENCY FUNDS
YEAR ENDED JUNE 30, 1979

OCTOBER 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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S. FLOYD MORI
CHAIRMAN

November 21, 1980

517.1

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits
the Auditor General's financial audit report of the State
Department of Mental Health - Agency Fund Types, year ended
June 30, 1979.

The auditors are Curt Davis, CPA; Merrill Tompkins, CPA; Glenn
Ostapeck; Tim Bryan; and Karen Oliver.

Respectfully submitted,

S. FLOYD MORI
Chairman, Joint Legislative
Audit Committee

Attachment

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INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the Agency Funds of the State Department of Mental Health. This audit was conducted under the authority vested in the Auditor General by Sections 10527 and 10528 of the Government Code. A separate report will be issued on the department's General Fund and General Fixed Assets Account Group for the year ended June 30, 1979.

The Agency Funds of the State Department of Mental Health are used to account for assets held by the department as a custodian.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the balance sheet of the Agency Funds of the State Department of Mental Health for the year ended June 30, 1979. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the balance sheet of the Agency Funds presents fairly the financial position at June 30, 1979 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying supplemental information is not necessary for a fair presentation of the balance sheet but is presented as additional analytical data. The supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



WESLEY E. VOSS
Assistant Auditor General

Date: July 25, 1980

Staff: Curt Davis, CPA
Merrill Tompkins, CPA
Glenn Ostapeck
Tim Bryan
Karen Oliver

STATE DEPARTMENT OF MENTAL HEALTH

BALANCE SHEET
AGENCY FUNDS

JUNE 30, 1979

ASSETS

Cash	\$335,731
Receivables	566,940
Property	<u>150</u>
Total Assets	<u>\$902,821</u>

LIABILITIES

Due to other funds	\$566,940
Due to depositors	<u>335,881</u>
Total Liabilities	<u>\$902,821</u>

The notes to the financial statements are an integral part of this statement.

STATE DEPARTMENT OF MENTAL HEALTH
AGENCY FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statement reflects the financial position of the Agency Funds of the State Department of Mental Health. The statement has been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. The department's Agency Funds are described below:

Trust Fund - This fund accounts for assets received on behalf of or from residents in the two state hospitals administered by the department.

Special Deposit Fund - This fund accounts for monies designated for specific purposes for which no other state fund has been established.

SUPPLEMENTAL INFORMATION

The following combining statement of changes in assets and liabilities is not considered necessary for the fair presentation of the department's Agency Funds balance sheet but is presented as additional analytical data. The supplemental information has been subjected to the audit procedures applied in the examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

STATE DEPARTMENT OF MENTAL HEALTH

COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

	Balance July 1, 1978	Additions	Deductions	Balance June 30, 1979
<u>TRUST FUND</u>				
ASSETS				
Cash	\$279,610	\$2,058,690	\$2,054,397	\$283,364
Securities	1,098	125	1,073	150
Total Assets	<u>\$280,709</u>	<u>\$2,058,815</u>	<u>\$2,056,010</u>	<u>\$283,514</u>
LIABILITIES				
Due to depositors	<u>\$280,709</u>	<u>\$2,058,815</u>	<u>\$2,056,010</u>	<u>\$283,514</u>
Total Liabilities	<u>\$280,709</u>	<u>\$2,058,815</u>	<u>\$2,056,010</u>	<u>\$283,514</u>
<u>SPECIAL DEPOSIT FUND</u>				
ASSETS				
Cash	\$ 50,474	\$1,334,665	\$1,332,772	\$ 52,367
Receivables	--	566,940	--	566,940
Total Assets	<u>\$ 50,474</u>	<u>\$1,901,605</u>	<u>\$1,332,772</u>	<u>\$619,307</u>
LIABILITIES				
Due to other funds	\$ --	\$ 566,940	\$ --	\$566,940
Due to depositors	<u>50,474</u>	<u>1,334,665</u>	<u>1,332,772</u>	<u>52,367</u>
Total Liabilities	<u>\$ 50,474</u>	<u>\$1,901,605</u>	<u>\$1,332,772</u>	<u>\$619,307</u>
<u>TOTALS--ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$330,085	\$3,393,355	\$3,387,709	\$335,731
Receivables	--	566,940	--	566,940
Securities	1,098	125	1,073	150
Total Assets	<u>\$331,183</u>	<u>\$3,960,420</u>	<u>\$3,388,782</u>	<u>\$902,821</u>
LIABILITIES				
Due to other funds	\$ --	\$ 566,940	\$ --	\$566,940
Due to depositors	<u>331,183</u>	<u>3,393,480</u>	<u>3,388,782</u>	<u>335,881</u>
Total Liabilities	<u>\$331,183</u>	<u>\$3,960,420</u>	<u>\$3,388,782</u>	<u>\$902,821</u>

OTHER COMMENTS

As an integral part of our examination, we reviewed the accounting procedures and the related system of internal accounting control to the extent we considered necessary.

Our review enabled us to suggest improvements which would result in better operating procedures and controls. A management letter describing the suggested operating improvements was issued to the department in conjunction with certain recommended adjusting entries necessary to achieve compliance with generally accepted accounting principles.

The department generally concurs with the suggested operating improvements and adjusting entries.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps